

**House Commerce Committee**  
**Tuesday, Sept. 13, 2005 10:30 am**  
**Room 519 HOB**  
**Representative Bill Huizenga**

Representative Huizenga and Committee members,

Thank you for allowing me to speak on behalf of Senator Cameron Brown to his SB 175. I am Jeanne Laimon, Legislative Director for Senator Brown.

Ohio and Indiana are winning in the distribution center business and Michigan is losing. By a modest change to PA 198 of 1974, these centers can be drawn to Michigan rather than south of our border.

Senate Bill 175 is a job development bill. It is one small step to be an attractor to business in Michigan.

Senate Bill 175 will allow distribution and warehousing facilities to take advantage of a 12-year property tax abatement similar to what is offered to industrial properties in Michigan.

The idea for Senate Bill 175 was generated at an economic summit that Sen. Brown held in the district some time ago. This bill would amend the Plant Rehabilitation and Industrial Development Districts Act to permit local units of government to extend property tax abatements to property used for "qualified commercial activity," which would have to meet criteria regarding its use, size and wages. Some of the "qualified commercial activity" criteria would be:

- it is used for warehousing, distribution, or logistic purposes or a communication service center;
- it occupies a building or structure that is larger than 150,000 square feet;
- it pays an average weekly wage to its employees equal to or exceeding the average weekly wage paid to residents of the county

in which the facility is located as determined by the local governmental unit.

In 2003, St. Joseph County had an opportunity to bid on a 400,000 square foot warehousing/distribution center that would have generated approximately 400 high-paying jobs (roughly \$18/hr) as well as resulted in an investment of \$15 million. Indiana also bid on this project. It had the ability to offer an abatement on a warehousing /distribution project such as this. The bid went to Indiana. The site consultant noted that "our main problem is that high property taxes in (White Pigeon) Michigan are forever and we got at least 50.0% tax break for 10 years in Indiana."

The village of Constantine, St. Joseph County, has informed us that they are currently competing for an \$80 million, 450-job food distribution center project and the availability of such abatements is critical to the company in question.

Senator Brown would appreciate any efforts on behalf of the House to move this bill along as swiftly as possible.

Thank you for your consideration.

\* \* \*